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Emergency and permanent policies of...

Washington

1931

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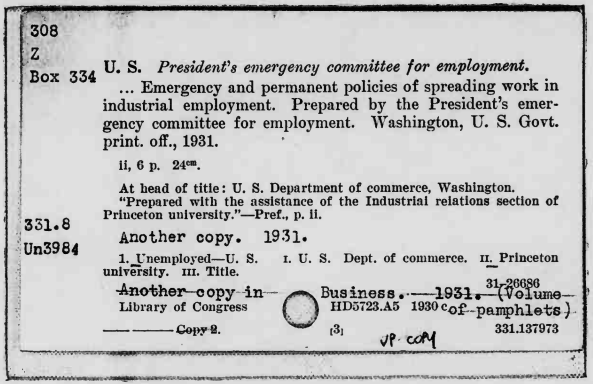

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U. S. DEPARTMENT OF COMMERCE
WASHINGTON

EMERGENCY AND PERMANENT POLICIES
OF
SPREADING WORK
IN
INDUSTRIAL EMPLOYMENT

PREPARED BY
THE PRESIDENT'S EMERGENCY COMMITTEE
FOR EMPLOYMENT

308
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Box 334

UNITED STATES
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WASHINGTON : 1931

PREFACE

The following report on emergency and permanent policies of spreading work in industrial employment summarizes briefly recent experience in the use of certain methods listed in the Outline of Industrial Policies and Practices in Time of Reduced Operation and Employment published by the President's Emergency Committee for Employment in January. The report is based upon the extensive material coming to the committee during the past three months from both companies and trade associations throughout the country. The companies cited as using particular methods of spreading work have been selected to represent various industries and localities and are but a few of those upon which information is available.

The report has been prepared with the assistance of the Industrial Relations Section of Princeton University.

MARCH, 1931.

EMERGENCY AND PERMANENT POLICIES OF SPREADING WORK IN INDUSTRIAL EMPLOYMENT

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I. PRESENT EMPHASIS

During the present depression, a great deal of emphasis has been placed on the spreading of work rather than laying off men. Such a policy has much to commend it to the attention of industrial employers.[1] The wage bill remains practically the same with perhaps a slight addition for extra clerical work. This slight increase is more than compensated by the reduction of turnover and unnecessary hiring and training expense. The plan is a boon to those workers who otherwise would be laid off, since it means that some income—however reduced—will be received and the dread of destitution kept off the immediate horizon.

During the past winter numerous governmental and industrial organizations and committees have been proposing ways of alleviating the present situation of unemployment. Practically all of them urge spreading work. The Merchants Association of New York has recently advanced a program to stabilize business. Among its suggestions is, "Work the full force part of the time rather than a part of the force all of the time." A similar proposal is included in the Taylor Society's suggested program: "For the time being, in order that some earned income may be realized by as large a portion as possible of the workers in the community, all employers should distribute available work by shortening work periods rather than by employing a limited number full time." The Cleveland city manager's committee on employment has urged the stagger system of work, while the Detroit mayor's committee has suggested a 30-hour week. The first item of the Denver Industrial Code to Aid Business reads: "Rather than discharge any competent workers, try to shorten hours for all, supply work to all on alternate or different days, or supply some portion of work for all, if possible." The New York State Committee on Stabilization of Industry for

[1] Myron C. Taylor, chairman of the finance committee of the United States Steel Corporation, urged in a radio address of Jan. 27, 1931, "Until we resume a normal basis of operation it should be the first duty of every individual concerned with the employment of others to see, during this dull period, that the work—whether it be 60 per cent or 70 per cent or 80 per cent or 100 per cent of capacity—is divided equitably among those who are able and willing to work."

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the Prevention of Unemployment in its report to the governor includes among of suggestion, "sharing of slack time among workers during periods of depression to the fullest degree possible, rather than dismissing a portion of the employees entirely from work, is a desirable practice."

On January 5, 1931, the President's Emergency Committee for Employment, released an Outline of Industrial Policies and Practices in Time of Reduced Operation and Employment. Section I deals with spreading employment and is divided into five subdivisions.

A. Reduced weekly schedule.
B. Reduced daily schedule.
C. Shorter shifts in continuous operation.
D. Alternating shifts, gangs, or individuals on the same job ("staggering").
E. Rotation of days off.

These examples indicate that much has been written urging companies to spread work. The question remains: What are firms actually doing to further this policy? Typical company plans may serve as an answer. They are divided into emergency and more permanent measures. The fivefold division given above has been used in presenting the policies of representative companies in the former group.

II. EMERGENCY PLANS

A. Reduced Weekly Schedule.

Under this plan production is carried on fewer days per week than ordinarily. Five days, four days, or three days may be the schedule. The American Radiator Co. (New York) reports that it prefers to run a full day, but fewer days in a week. Among the companies that have decreased the working week to five or less days to spread employment are:

Cudahy Packing Co. (Chicago).
Diamond Match Co. (New York).
Eastman Kodak Co. (Rochester).
Hercules Powder Co. (Wilmington, Del.).
Standard Oil of California (San Francisco).
United States Steel Corporation (New York).
Welker-Hoops Co. (Middletown, Conn.).
Westinghouse Electric & Manufacturing Co. (East Pittsburgh).

The Firestone Rubber Co. (Akron) and the Iron Fireman Manufacturing Co. (Portland, Oreg.) have used a 4-day week schedule. The National Cash Register Co. (Dayton) and the Boston Woven Hose & Rubber Co. (Cambridge) have arranged fluctuating weekly schedules of three, four, five, or five and one-half days according to the amount of work. The Cincinnati printers have voluntarily agreed to work only five days a week in order to help unemployed printers.

B. Reduced Daily Schedule.

Hours are cut down in some factories rather than working fewer days. Swift & Co. (Chicago), working on a 40-hour guaranty and a

usual schedule of 48 hours each week, has in some cases cut the hours to 45 and 40. In certain departments the Link Belt Co. (Chicago) has shortened the normal working day from 8 hours to 6 or 5. The following companies are among those which have stated that it has been their policy to reduce hours rather than lay off men:

Belden Manufacturing Co. (Chicago).
Deere & Co. (Moline, Ill.).
Thomas A. Edison (Inc.) (Orange, N. J.).
Goodyear Tire & Rubber Co. (Akron).
Mosher Steel & Machinery Co. (Dallas).
Norton Co. (Worcester).
M. Wile & Co. (Inc.) (Buffalo).

The Du Pont Ammonia Works at Belle, W. Va., cut the working week to 40 hours and so prevented 150 employees from being laid off. The Western Electric Co., in order to keep as many trained men as possible, shortened the working time of some of its men to 44¼ hours and others to 40. The Firestone Cotton Mills, in New Bedford, took on 300 workers by reducing the hours from eight to six in a day. The Amalgamated Clothing Workers in Rochester reduced working time to 30 hours to share the work with other members.

C. Shorter Shift in Continuous Operation.

Certain industries because of their technical processes must be continuous in operation. An increasing number of companies in such industries have reduced working shifts from eight to six hours to spread work. The Republic Steel Corporation in its Warren (Ohio) plant temporarily adopted a 4-shift system of six hours each in order to spread work. The Kellogg Co. (Battle Creek, Mich.) has received wide publicity in adopting a similar policy which has given employment to 25 per cent more men. Hourly rates were increased 12½ per cent and a $4 minimum day wage was placed into effect with average wages of approximately $5.40 a day for a 6-hour workday. Increasing efficiency and bonus earnings have made it possible for the employees to equal, on an average, the previous 8-hour day earnings.

In Spokane the railroad workers on eight lines have agreed to share work. Those in the train service will give up all over 3,300 to 3,600 miles, or 33 to 36 standard days. The switchmen have decided voluntarily to take off four days a month. On the Canadian Pacific, eastern lines, a recent agreement between the men and the company gives 26 days a month as a maximum for the yardman. The maximum mileages to be earned by trainmen are reduced 750 miles per month in passenger service and 1,000 miles per month in freight service. These changes, it is stated, should provide employment for approximately 500 additional men, although this figure will vary according to changes in traffic conditions.

D. Alternating Shifts, Gangs, or Individuals on the Same Job ("Staggering").

The E. I. du Pont de Nemours Co. (Wilmington, Del.) reports that in certain plants one shift of men works three days and a second shift the next three days. In other plants men work three

weeks and then take off a week. The Babcock & Wilcox Co. (New York), makers of steam boilers, has used alternating shifts, one group working one week and the other the following week. Yawman & Erbe Manufacturing Co. (Rochester) has also operated on the alternating-shift method. Municipalities have sometimes used a 3-days-on and 3-days-off system for some of their unskilled workers so as to give work to twice as many men. The Lord Electric Co. of New York has staggered its workers by using shifts of four days. The Chevrolet Motor Co. (Detroit) recently promised 30,000 of its workers at least four 8-hour days a week by using a stagger system. Actually more than 30,000 men have been working for over 32 hours. The General Electric Co. (Lynn, Mass., works) at times has used a 3 or 4 day a week stagger system. Other companies among those which have used alternating or staggered shifts are:

American Smelting & Refining Co. (New York).
W. P. Fuller & Co. (San Francisco).
Merrimac Hat Corporation (Amesbury, Mass.).
Morgan Construction Co. (Worcester).
Newport News Shipbuilding & Drydock Co.
Wheeling Steel Corporation (Wheeling, W. Va.).
White Motor Co. (Cleveland).

E. Rotation of Days Off.

Under this system men give up a day or two during a certain period, a week or a month. The days taken off fall equally on each day of the week. For a short time in the fall of 1930 and again at the beginning of 1931 certain departments in the Goodyear Tire & Rubber Co. (Akron) had employees rotating by giving up 1 day in 5 or 1 in 10. In the affiliated companies of the American Telephone & Telegraph group some operators have taken off time not exceeding one day a week.

Union workers have in many cases adopted this system. The electrical workers in Philadelphia have come to an agreement with their employers to take off one day a week. In New York they have asked to be laid off a few days at a time so that more members will be kept employed. The International Typographical Union and the International Photo-Engravers' Union in New York have also used this method. In local No. 6 of the former union the men have taken off a day every other week.

III. MORE PERMANENT PLANS

Among the more or less emergency measures taken by concerns acting to spread work some, perhaps, should be classified as more permanent policies. It is likely that still others may develop into generally adopted practices. Certain firms have a standing policy to reduce seasonal lay-offs by use of an "elastic" or "flexible" work week. Slight increases in work are handled by increased regular hours or by overtime rather than by recruiting workers who would be let off as soon as business declined. The New York State report indicates that there are two possible dangers in such a plan. Manufacturers may not try to stabilize work if they can work their people overtime during rush seasons. Such a policy may cause marked fatigue if the basic week is 54 or 60 hours. This would

not be so acute a problem if 44 or 48 hours were the base. Some concerns have attacked this problem by having punitive overtime rates and by guaranteeing a minimum number of hours per week. The outstanding features of the elastic work week will be given for a few typical companies.

The Chicago, Burlington & Quincy Railroad and its maintenance-of-way employees have agreed that if work is limited, a full force may be retained and the hours of service reduced to 40 before the number of men is decreased, when such reduction is mutually agreed upon with the majority of the men directly affected. The mechanical crafts on the Illinois Central Railroad system also adjust the hours down to 40.

One of the best-known plans is that based on the agreement of the Delaware & Hudson with the railroad-shop crafts and the track force. The results of such a policy are shown by the statistics of the maximum and minimum working forces.

	Maximum	Minimum	Difference
1920	10,050	8,136	1,914
1929	6,118	5,700	418

No new workers are taken on until the usual 48 hours are increased beyond 60. In case of technological changes when a reduction in force is necessary, the method used is to allow normal turnover to reduce the force and not take on anyone to fill the place of those who left of their own volition. A dismissal wage is guaranteed to workers discharged or dismissed after two years' service who have contributed to two out of three insurance plans.

The General Electric Co. (Schenectady) in December, 1930, put to a vote a contributory plan of employment guaranty in the incandescent-lamp departments. Ninety-seven per cent of the workers approved the policy which involves an elastic work week, and guarantees at least 30 hours of pay for 50 weeks in a year.

Leeds & Northrup Co., of Philadelphia, has a 44-hour basic week. Hours are increased up to 50 before more men are taken on, and even then the company is slow to add workers. As soon as business is reduced to normal all overtime is eliminated. In depressions, hours are cut and goods manufactured for stock. An unemployment benefit is paid for 3 to 26 weeks to those laid off, depending on their length of service.

Among the other companies using flexible hours are:

Wilmer Atkinson Co. (Philadelphia).
Cleveland Twist Drill Co. (Cleveland).
John A. Manning Paper Co. (Troy).

IV. ADVANTAGES AND DISADVANTAGES

The advantages and disadvantages of such plans are worthy of careful consideration. The effect, both upon the company and upon the workers, should be studied in appraising particular plans.

In the first place the company is not required to meet any marked increase in unit costs. The suggestion has been made that clerical

costs of timekeepers, pay-roll clerks, and others might be a little higher under such a plan. These slight disadvantages, according to experience, seem to be more than compensated by the decreased turnover, the reduction in hiring and training costs, and the increased loyalty of men who know that their employer is doing everything possible to give them steady work. The attitude of the men will be still more cooperative and there will be less fear of working out of a job, if there is a definite guaranty that beyond a certain limit, hours and earnings will not be cut. The plans of the General Electric Co. and Leeds & Northrup Co. illustrate this feature. Such assurances of employment encourage more sustained purchasing on the part of workers and prevent, to some extent, the rapid shrinkage of markets in time of depression.

The effects on workers must also be considered. Such plans keep people out of bread lines and soup kitchens and prevent widespread destitution, but in some cases the wages received are not sufficient to supply a family with the minimum necessities of life. The policy of spreading work shifts a part of the loss in earnings to those employees who would have been retained on full time. It is self-evident that it does not relieve labor as a class from bearing the loss in wage income caused by unemployment. With dividends mantained at former levels in many concerns because of previously accumulated reserves, it has been widely proposed that companies should also set up reserves to regularize workers' incomes in times of depression, since, as a class, labor is the least able to bear the burden of reduced incomes.

One of the chief advantages of spreading work seems to be that hourly wages remain the same. Earnings are temporarily lowered, but the worker does not have to struggle to get back his old wages when full-time operations are resumed. A disadvantage put forward against the plan is that it may encourage workers to remain with a concern which can not in normal times give its employees sufficient full-time work. This seems to be a valid argument in the case of those seasonal industries which have done little to budget production, or in permanently depressed industries with an excessive supply of labor. In times of general cyclical depression, this disadvantage seems to lose much of its importance, since few employers are taking on new workers, and it is to the advantage of the worker to retain his present position.

The conclusion may be reached that in a serious depression the practice of maintaining employment by means of spreading work has marked advantages as a relief measure. The extensive use of the practice by progressive American employers has indicated not only a keen appreciation of the needs of their employees but a flexibility in policy which has long been an outstanding feature in industrial management in this country. Trade-union executives have been quick to realize the need to spread employment in order to alleviate distress among their memberships. There is almost unanimous opinion, however, that the policy can not be regarded as more than a mitigating influence in meeting the evils of cyclical unemployment. Only by the continuous efforts of all groups concerned with industrial enterprise in this country can these evils be eliminated.

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